

# HOUSE BILL No. 5381

December 9, 1991, Introduced by Reps. Middaugh, Keith, Trim, Sikkema, O'Neill and Gilmer and referred to the Committee on Education.

A bill to amend section 33 of Act No. 72 of the Public Acts of 1990, entitled

"Local government fiscal responsibility act,"

being section 141.1233 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 33 of Act No. 72 of the Public Acts of  
2 1990, being section 141.1233 of the Michigan Compiled Laws, is  
3 amended to read as follows:

4 Sec. 33. (1) The superintendent of public instruction may  
5 determine that a school district has a serious financial problem  
6 if he or she finds that 1 or more of the following conditions  
7 exist:

8 (a) The school district ended the most recently completed  
9 school fiscal year with a deficit in 1 or more of its funds and  
10 the superintendent of public instruction has not approved a

1 deficit elimination plan within 3 months after the district's  
2 deadline for submission of its annual financial statement.

3 (b) The school board of the school district adopts a resolu-  
4 tion declaring that the school district is in a financial  
5 emergency.

6 (c) The superintendent of public instruction receives a  
7 petition containing specific allegations of school district  
8 financial distress signed by a number of registered electors  
9 residing within the school district ~~, or nonregistered electors~~  
10 ~~residing within a nonregistration school district as defined in~~  
11 ~~section 5 of the school code of 1976, being section 380.5 of the~~  
12 ~~Michigan Compiled Laws,~~ equal to not less than 10% of the total  
13 vote cast for all candidates for governor within the school dis-  
14 trict at the last preceding election at which a governor was  
15 elected. Petitions shall not be filed under this subdivision  
16 within 60 days before any election of the school district.

17 (d) The superintendent of public instruction receives a  
18 written request, from a creditor of the school district with an  
19 undisputed claim against the school district, to find the school  
20 district has a serious financial problem. The superintendent of  
21 public instruction may honor this request only if the claim  
22 remains unpaid 6 months after its due date, the claim exceeds the  
23 greater of \$10,000.00 or 1% of the annual general fund budget of  
24 the school district, and the creditor notifies the school dis-  
25 trict in writing at least 30 days before he or she requests the  
26 superintendent of public instruction to find that the school  
27 district has a serious financial problem.

1 (e) The superintendent of public instruction receives  
2 written notification from a trustee, paying agent, note or bond-  
3 holder, or the state treasurer of a violation of 1 or more of the  
4 school district's bond or note covenants.

5 (f) The superintendent of public instruction receives a res-  
6 olution from either the senate or the house of representatives  
7 requesting a review under this section of the financial condition  
8 of the school district.

9 (g) The school district is in violation of the conditions of  
10 an order issued pursuant to, or as a requirement of, the munici-  
11 pal finance act, Act No. 202 of the Public Acts of 1943, being  
12 sections 131.1 to 139.3 of the Michigan Compiled Laws, or any  
13 other law governing the issuance of bonds or notes.

14 (h) The school district is in violation of the requirements  
15 of sections 17 to 20 of the uniform budgeting and accounting act,  
16 Act No. 2 of the Public Acts of 1968, being sections 141.437 to  
17 141.440 of the Michigan Compiled Laws.

18 (i) The school district fails to provide an annual financial  
19 report or audit that conforms with the minimum procedures and  
20 standards of the state board and is required under the school  
21 code of 1976 and the state school aid act of 1979, Act No. 94 of  
22 the Public Acts of 1979, being sections 388.1601 to 388.1772 of  
23 the Michigan Compiled Laws.

24 (j) A court has ordered an additional tax levy without the  
25 prior approval of the school board of the school district.

26 (2) Upon determining that a school district has a serious  
27 financial problem, the superintendent of public instruction shall

1 notify the governor and the state board of that determination and  
2 of the basis for and findings supporting the determination.

3       Section 2. This amendatory act shall take effect January 1,  
4 1992.

5       Section 3. This amendatory act shall not take effect unless  
6 Senate Bill No. \_\_\_\_ or House Bill No. <sup>5379</sup>\_\_\_\_ (request  
7 no. 03819'91) of the 86th Legislature is enacted into law.